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In bid to save C-17 line, Boeing proposes new ideas

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LE BOURGET, France—Facing a make or break point soon for its C-17 strategic airlifter, Boeing [BA] is proposing ways to adapt its aircraft to increase sales and potentially extend its production line beyond the current multiyear contract. The schemes under consideration include renewed plans for a commercial C-17 variant and a new idea for an enhanced version of the airlifter.

The impending end of C-17 production had led the company to revive talks of a commercial variant of the aircraft, called the BC-17X. "That's still got some life on it," Ron Marcotte, Boeing's vice president of Airlift and Tankers, said in an interview [here](#).

The idea of selling commercial variants of the C-17 was first promoted by the Air Force over five years ago as a way to reduce production costs for the Air Force while also providing extra capabilities to the military. While the aircraft would be privately owned, the service would still be able to use them through the Civil Research Aircraft Fleet, or CRAF.

But the BC-17X idea faded after the 9/11 terrorist attacks shrank the potential commercial market for the C-17. However, Marcotte now says Boeing believes the market for outsized cargo is significant and the company is looking at a new scheme that would tap into a growing demand for transport aircraft.

The company is working with the Defense Department on a plan that would involve giving older C-17s to the General Service Administration, which would in turn sell them to private customers. The older aircraft would remain available to the military through the CRAF, and Boeing would then sell the Pentagon new production C-17s to replace those that were sold.

Rather than airlines, Marcotte believes potential customers might be financial backers like the Carlyle Group. Any such sale, however, would require congressional authorization and some regulatory waivers.

The major advantage of the BC-17X would be the possibility of selling additional aircraft beyond the current multiyear contract, extending the production line. While Congress looks set to provide about \$200 million in fiscal year 2006 for long-lead funding for additional C-17s, those funds will go to pay termination costs unless a new contract is signed by the end of the year.

The Air Force has a stated requirement for 180 C-17s, even though the head of U.S. Transportation Command says that number should be 222 aircraft. A complicating factor is that the current multiyear contract runs out over the next fiscal year, leaving the Air Force seven aircraft short of its stated requirement.

Another idea being studied internally within Boeing is a concept for an enhanced version of the C-17 aircraft.

The improved aircraft would be designed to land on rougher, shorter airstrips--similar to the smaller C-130J aircraft produced by Lockheed Martin [LMT].

Ideally, the modified aircraft could land on airstrips of 2,000 feet or less, and handle considerably rougher conditions than the current C-17s.

Boeing sees the modified C-17 as an enhancement that would come after the first 222 aircraft are produced.

The idea has not been fully engineered, nor has Boeing formally briefed the Air Force on the aircraft, Marcotte said. But based on discussions with engine manufacturer Pratt & Whitney [UTX], Boeing believes the improved capabilities can be added by increasing the engine thrust between 7 and 15 percent, adding additional gear to the bottom of the aircraft, and modifying the back wing flaps.

The hope is to avoid major structural changes that would make the costs for such an aircraft prohibitive. Marcotte said the company doesn't know yet what the costs would be, but argued that if it proved affordable, it would offer significant advantages over other airlifters, like the C-130J or the A400M.

"It's an exciting opportunity," Marcotte said.